

February 10, 2014

To: Members of the U.S. House of Representatives

From: James Ballentine, Executive Vice President, Congressional Relations and Political Affairs

Re: Views on H.R. 3193, the Consumer Financial Freedom and Washington Accountability Act

On behalf of the members of the American Bankers Association (ABA), I am writing to express our views on H.R. 3193, the Consumer Financial Freedom and Washington Accountability Act scheduled for floor consideration on Tuesday, February 11, 2014. This legislation reflects the texts of several bills passed out of the Financial Services Committee on November 21, 2013.

H.R. 3193 contains a provision that would replace the position of Director of the Bureau of Consumer Financial Protection (CFPB) with a bipartisan five-member commission. ABA has long supported the commission concept and believes that a commission structure is appropriate to address the extremely broad authority of the Bureau's Director. We believe that the commission approach would broaden the perspective on any rulemaking and enforcement activity of the Bureau, and it would provide needed balance and appropriate checks in the exercise of the Bureau's authority.

Additionally, the legislation would change the voting standard established for the Financial Stability Oversight Council (FSOC) from the two-thirds majority vote currently required to a simple majority vote. ABA believes that it should be sufficient to set aside a Bureau rule if a simple majority of the nation's top regulators believes the Bureau has acted in a manner that adversely impacts the safety and soundness of the American banking or financial system. The very purpose of the FSOC is to avoid problems that could lead to risks that threaten the economy. To ignore the viewpoint of the regulators with this responsibility is counter to the mission of the Council.

H.R. 3193 would also establish the CFPB as an independent agency. The Bureau has been given extraordinary powers that can alter financial markets, but it lacks accountability that comes from budget oversight. Funding for the Bureau comes not from Congress, but from the Federal Reserve as a fixed portion of its total operating expenses. Oversight by Congress would allow the very consumers who the Bureau was designed to protect to hold it accountable through their elected officials.

Finally, the legislation addresses the CFPB's collection of consumer information and the issuing of annual information disclosure reports. These provisions are a few of many options to address concerns about the role of the Bureau and its exercise of power. An important principle that underlies these provisions is that there needs to be an effective check and balance on the Bureau's authority. ABA strongly supports the principle of accountability and balance, and commends the sponsors of this legislation for working to improve the accountability of the Bureau and the Director.

We appreciate the House Financial Services Committee for considering these measures and urge the House to support passage of H.R. 3193.